

STATE OF MAINE  
PUBLIC UTILITIES COMMISSION

Docket No. 2004-167

June 23, 2004

CENTRAL MAINE POWER COMPANY  
Annual Price Change Pursuant to the  
Alternative Rate Plan (Post Merger)

ORDER APPROVING  
STIPULATION AND  
IMPLEMENTING ANNUAL  
PRICE CHANGE

WELCH, Chairman; DIAMOND and REISHUS, Commissioners

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**I. SUMMARY**

On November 16, 2000, we issued an Order Approving Stipulation which put into place a second Alternative Rate Plan (ARP) for Central Maine Power Company (CMP or Company) entitled "ARP 2000." *Central Maine Power Company, Request for Approval of Alternative Rate Plan (Post Merger) "ARP 2000"*, Docket No. 99-666 (November 16, 2000). On March 15, 2004, CMP submitted its annual price change filing pursuant to the terms of the ARP 2000 Stipulation. In its filing CMP proposed that its distribution delivery rates be reduced by .53% effective July 1, 2004. In this Order, we approve a Stipulation entered into by CMP, the Office of the Public Advocate (OPA), and the Industrial Energy Consumer Group (IECG) and filed in this proceeding on June 11, 2004 which addresses and resolves all but two issues in this case. As a result of this Order Approving Stipulation and our companion Order on Contested Issues issued this same date in this proceeding, CMP is directed to decrease its core distribution delivery rates, excluding the DSM mil rate unbundled pursuant to our Order in Docket No. 2003-516, by 1.06% effective July 1, 2004. This change includes the removal of one-time changes from last year's annual ARP price change.

We note that CMP will also be changing its FERC jurisdictional transmission rates on July 1. The overall impact of both changes will be to decrease CMP's core residential T&D delivery rates on average by 1.94%.

**II. BACKGROUND AND PROCEDURAL HISTORY**

See our companion Order on Contested Issues issued this same date.

**III. DESCRIPTION OF THE STIPULATION**

The parties to the Stipulation agree that this year's inflation index is 1.62% and this year's productivity offset is 2.75%. This produces a base change (inflation minus productivity) of -1.13%. Although the parties have not reached agreement on the individual mandated cost items identified by CMP in its filing, the parties agree that the \$3,000,000 mandated cost threshold of the ARP has not been reached in this case. Therefore, the parties agree that there should be no mandated cost rate change as part of this year's price change. The parties to the Stipulation further agree that the annual

one-time adjustments applicable to this year's price change result in a decrease of 1.18% while the removal from rates of last year's one-time adjustments result in an increase of .97%.

The parties agree to the rate design methodology proposed by CMP in its March 15, 2004 filing in implementing this year's ARP price change. The starting point for the rate design will be CMP's July 1, 2003 distribution rates less the one-year adjustments included in such rates and reflecting the conservation rate design changes approved by the Commission in Docket No. 2003-516 on June 10, 2004.

The parties acknowledge that the Stipulation does not address two contested issues in this case, the inclusion of the GDP-PI rate adjustment to reflect changes in the GDP-PI for the years 2001 and 2002 and the calculation of costs authorized to be deferred under L.D. 665 - "An Act to Protect the Environment by Phasing Out the Use of Old Transformers that are Potential Sources of PCB Pollution." The parties further acknowledge that CMP will be changing its FERC jurisdictional transmission rates for distribution level customer effective July 1, 2004. CMP agrees to file with the Commission, prior to July 1, 2004, rate schedules and Terms and Conditions reflecting the distribution price change permitted by this Stipulation and by the Commission's decision on the outstanding issues in this case.

#### IV. DECISION

The Stipulation before us was entered into by all parties to this matter; the Company, the OPA and the IECG. We are thus satisfied that the parties to the Stipulation represent a broad spectrum of interests and that there is no appearance or reality of disenfranchisement. We are also satisfied that the process that lead to the Stipulation was fair to all parties.

We also find the results of the Stipulation to be reasonable, not contrary to the public interest and consistent with all legislative mandates. We thus conclude that all of our criteria for approval of a stipulation have been satisfied in this instance. See *Central Maine Power Company, Request for Approval of Alternative Rate Plan (Post Merger) "ARP 2000"*, Order Approving Stipulation, Docket No. 99-666 at 11 (Nov. 16, 2000).

As noted above, the Stipulation we approve here does not address the issues of CMP's proposal to include in this year's price change the impact of revisions to prior years' inflation indices and CMP's calculation of certain costs deferred under the PCB transformer replacement program. In our companion Order on Contested Issues issued this date, we have rejected CMP's proposal to incorporate prior years' revised inflation numbers into this price change and have referred back to the Hearing Examiner for further proceedings certain transformer cost calculation issues, but have allowed CMP to include the amounts that it proposed for this item in this year's price change subject to the conditions of approval previously in *Central Maine Power Company, Review (Post Merger)*, Order Approving Stipulation, Docket No. 2003-179 (June 24, 2003). As a result of this Order and in the companion Order, CMP's distribution delivery rates,

excluding CMP's DSM mil rate unbundled as a result of decision in Docket No. 2003-516, should be reduced by 1.06% as a part of this year's annual ARP review.

Accordingly, it is

**O R D E R E D**

1. That the Stipulation entered into by Central Maine Power Company, the Office of the Public Advocate and the Industrial Energy Consumer Group and filed with the Commission on June 11, 2004 is approved. A copy of the Stipulation is attached hereto and is incorporated by reference.

2. That CMP shall file rate schedules consistent with this Order to take effect on July 1, 2004.

Dated at Augusta, Maine, this 23<sup>rd</sup> day of June, 2004.

**BY ORDER OF THE COMMISSION**

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Dennis L. Keschl  
Administrative Director

COMMISSIONERS VOTING FOR:      Welch  
   Diamond  
   Reishus

## NOTICE OF RIGHTS TO REVIEW OR APPEAL

5 M.R.S.A. § 9061 requires the Public Utilities Commission to give each party to an adjudicatory proceeding written notice of the party's rights to review or appeal of its decision made at the conclusion of the adjudicatory proceeding. The methods of review or appeal of PUC decisions at the conclusion of an adjudicatory proceeding are as follows:

1. Reconsideration of the Commission's Order may be requested under Section 1004 of the Commission's Rules of Practice and Procedure (65-407 C.M.R.110) within 20 days of the date of the Order by filing a petition with the Commission stating the grounds upon which reconsideration is sought.
2. Appeal of a final decision of the Commission may be taken to the Law Court by filing, within **21 days** of the date of the Order, a Notice of Appeal with the Administrative Director of the Commission, pursuant to 35-A M.R.S.A. § 1320(1)-(4) and the Maine Rules of Appellate Procedure.
3. Additional court review of constitutional issues or issues involving the justness or reasonableness of rates may be had by the filing of an appeal with the Law Court, pursuant to 35-A M.R.S.A. § 1320(5).

Note: The attachment of this Notice to a document does not indicate the Commission's view that the particular document may be subject to review or appeal. Similarly, the failure of the Commission to attach a copy of this Notice to a document does not indicate the Commission's view that the document is not subject to review or appeal.